



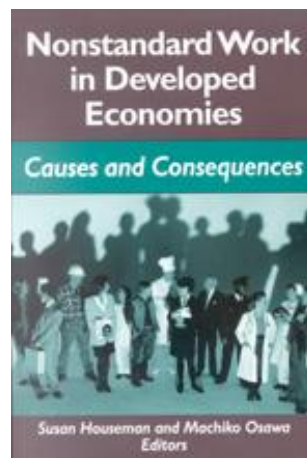
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Employment Choices and Pay Differences between Nonstandard and Standard Work in Britain, Germany, the Netherlands, and Sweden

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In this paper, we analyze two questions. First, how do otherwise similar people in four countries—Britain, Germany, the Netherlands, and Sweden—end up in four different employment states: 1) full-time with a regular contract, 2) part-time with a regular contract, 3) fixed-term contract, either full-time or part-time, and 4) self-employed? Second, how do wages differ between otherwise similar people in these different work arrangements in each of the four countries? Our analysis is carried out using the 1998 wave of four household panel data sets: namely, the British Household Panel Survey (BHPS) (Taylor 1992); the German Socioeconomic Panel (GSOEP) (Wagner, Schupp, and Rendtel 1991); the Organisatie voor Strategisch Arbeidsmarktonderzoek (OSA) in the Netherlands (Allaart et al. 1987); and the Hushållens Ekonomiska Levnadsförhållanden (HUS) in Sweden (Flood, Klevmarken, and Olovsson 1993; Klevmarken and Olovsson 1993).

Because we are specifically interested in the effects of policy on employment choices and opportunities across the four countries, we begin by focusing on policies that may result in different choices for otherwise similar people. We focus especially on the Netherlands and to some extent Sweden. We make use of other chapters of this volume, particularly those of Fagan and Ward and of Schömann and Schömann.

In our empirical analysis, the Netherlands is the reference country, which corresponds with the more detailed policy analysis for this coun-

try. To compare otherwise similar people across countries, we use demographic variables, such as gender, age, whether a person has young children, and childrens' ages. Further, we use information on the person's education and his or her industry and occupation. The analyses are carried out separately for men and women because the distribution of employment across standard and nonstandard work is very gendered.

The outline of this chapter is as follows. In section two, we position the four countries within a European perspective. The four countries have the highest percentage of part-time workers (i.e., fewer than 35 hours per week) among European Union (EU) countries. Fixed-term work is not as common in these four countries as is part-time work. The percentage of fixed-term workers among those employed in Sweden, the Netherlands, and Germany ranks in the middle, with Britain at the lower end.

Section three compares recent policy on balancing worker rights and introducing flexibility into the labor market in the four countries. We focus particularly on measures that may explain different outcomes for the employment distribution across standard and nonstandard work for otherwise similar people.

Section four traces policy in the Netherlands that has transformed part-time work from an inferior position to a general right to shorten or lengthen work hours in any job. Among the four countries, the Netherlands has come closest to the intentions of the EU's so-called Part-Time Directive of 1997, with Sweden and Germany following, and Britain the farthest from meeting the directive.

Section five discusses legislation on self-employment in the countries under review. Section six discusses our microdata and presents descriptive statistics on nonstandard work by gender. In section seven, we discuss results from our multinomial logit models and wage regressions, interpreting the results in light of policy differences and evidence from other chapters in this volume. Section eight offers conclusions.

NONSTANDARD WORK IN BRITAIN, GERMANY, THE NETHERLANDS, AND SWEDEN IN AN INTERNATIONAL PERSPECTIVE

There is a simple reason that we examine these four countries: between us, we have accumulated knowledge about institutions and labor markets in our own countries (Gustafsson in Sweden, and Wetzels in the Netherlands), we have knowledge of languages involved, and we have done prior work using the household panel data sets involved (see, e.g., Gustafsson et al. 1996; Gustafsson, Kenjoh, and Wetzels 2001a,b; Gustafsson and Wetzels 2000; Wetzels 2001). The countries involved in this study do not fall at the extremes on a scale of the importance of nonstandard work in the labor market, and they differ sufficiently from each other in an international comparison of the nonstandard work dimensions studied in this chapter.

Fagan and Ward (in this volume) present data on the percentage of part-time workers among employed men and women in the 15 EU member states (EU-15). The Netherlands ranks first, followed by Britain, Sweden, Denmark, and Germany. One could even claim that it is debatable to call part-time work “nonstandard” work in the Netherlands, where 69 percent of employed women work part-time (Fagan and Ward, Table 3.3, in this volume). Although Germany ranks fifth in percentage of part-time workers among the EU-15, only a little more than one-third of German women (36.4 percent) work part-time compared with two-thirds of women in the Netherlands. Fagan and Ward also show that, since 1985, the proportion of part-time employment among women in the Netherlands and Germany has risen, while in Britain, the proportion remained steady, and in Sweden, the proportion declined. A decreasing proportion of part-time female workers is also observed in the United States (Houseman and Osawa, in this volume) and in Denmark (Hoffman and Walwei, in this volume). Although part-time work among men is much less common than among women, the Netherlands, Sweden, and Britain still rank first, third, and fourth, respectively. In the Netherlands, 18 percent of men are considered part-time workers; in Sweden and Britain, 9 percent of men work part-time. Only Denmark, ranked second, has more men working part-time than these countries. Germany, in contrast, has relatively little part-

time work among men (4.7 percent) and ranks eighth among the 15 EU member states.¹

For fixed-term contract work, the Netherlands, Sweden, and Germany rank more in the middle among EU member states. Britain is ranked 12th for men, with 6 percent of employed men working under a fixed-term contract, and 13th for women, with 8 percent working under a fixed-term contract. In the Netherlands, Sweden, and Germany, the percentage on fixed-term contract ranges between 12 percent and 16 percent for women and between 10 percent and 12 percent for men. Fagan and Ward report that an employer in Britain has no reason to offer a fixed-term contract of less than a year because all employment-related benefits require more than 12 months employment with one firm. For shorter periods of employment, the employer has exclusive right to hire and fire, similar to the “employment-at-will” doctrine of the United States. Labor markets in the Netherlands, Sweden, and Germany are much more regulated to protect workers’ rights. Schömann and Schömann (in this volume) characterize EU member states by the degree of legislation covering nonstandard work. Countries with the most legislation include France, Germany, Italy, and Spain. Countries with less restrictive regulation include Denmark, Sweden, and the Netherlands, whereas Britain has hardly any regulations at all.

Fagan and Ward (in this volume) also present figures on the percentage of employed persons in temporary agency work within 11 EU member states. In 1997, 2.5 percent of employed people in the Netherlands were performing temporary agency work, and in Britain, 1 percent were. The Netherlands ranks second after Luxembourg, and Britain ranks fifth in the percentage of workers in temporary jobs. Germany and Sweden have relatively few workers in temporary agency work: 0.6 percent in Germany and 0.4 percent in Sweden, which places these two countries at rank 8 and 9, respectively, out of 11.

FLEXIBILITY OF THE LABOR MARKET AND PROTECTION OF WORKERS

The growth of nonstandard work arrangements can be seen as a response to firms’ demands for a flexible labor force to meet customer

demands and “just in time” production. A flexible labor force is often in conflict with workers’ justified wishes to have a stable and secure income. Various rules that condition employers’ rights to deviate from the general rule that an employment contract is full-time and of indefinite length have been introduced in European countries. Generally, there have been periods of increasing regulations in the 1970s and 1980s, followed by periods of deregulation in the 1990s. Britain deviates from this pattern in that there was regulation in the 1970s, deregulation under Margaret Thatcher in the 1980s, and some reregulation during the Tony Blair government beginning in 1997. The 1980s were characterized by slow economic growth and high unemployment rates in most of the EU-15 countries, whereas the United States experienced employment and economic growth. Various observers ascribed the high European unemployment rates to the regulated labor markets.

Blank and Freeman (1994) in a volume devoted to the question of whether there is a trade-off between economic flexibility and regulations in the labor market, find no clear case that protection of workers necessarily leads to a less flexible labor market. It depends to a very large extent on how worker protection is organized.

European Union countries have deregulated their labor markets in the 1990s to different extents and with different effects on job protection rights of workers. The Netherlands can be described as a “happy deregulator.” Introducing flexibility into the labor market is seen as one of the important steps, together with wage restraint and a decreasing government sector, that turned the situation from the “Dutch Disease” to the “Dutch Miracle” (Hartog 1998; Visser and Hemerijck 1997). After the 1973 oil crisis, the “golden era” of strong economic growth and low unemployment ended and was followed by a period with double-digit unemployment and low economic growth (Hartog 1998). The labor unions in the Netherlands were defensive and promoted work-sharing as a remedy for unemployment. Early retirement and propaganda to keep women at home as full-time housewives were used to decrease labor supply. In 1982, the Wassenaar Agreement was concluded on a national level between employers and union representatives. In retrospect, this agreement was the turning point for the Dutch economy. A key feature of the agreement was that unions agreed to lower wage demands in exchange for shorter work weeks.

Tijdens (1998) observed that, in the Netherlands, flexibility in the labor market has been internal; firms have gained increased rights to use their regular labor force during times of increased demand for labor without having to pay overtime premiums. Such a bargaining agreement was attractive for the unions because it was accompanied by a shorter regular full-time work week. Van den Toren (1998) observed that half of those whose work conditions are determined by collective bargaining agreements have a 36-hour work week. About 30 percent of employed persons are members of a union in the Netherlands, and collective bargaining agreements regulate working conditions for 80 to 90 percent of the Dutch labor force. This comes through the “*erga omnes*” clauses, which stipulate that a bargaining agreement for an industry is extended to nonmembers working in the same industry.

Although there is extensive job protection, flexible work increased beginning in the early 1990s in the Netherlands. Temporary help agencies are a big business, and Dutch agencies such as the Randstad have become multinationals. Randstad is market leader in the Netherlands, Belgium, Germany, and in the southeast United States. At the end of 1992, Randstad employed 6,450 individuals in the Netherlands, 1,400 in Germany, and 259 in Britain. In the same year, Randstad staffed 117,000 people in the Netherlands, 16,000 in Germany, and 3,500 in Britain (Randstad 2001).

Temporary help agencies sell flexible labor to the user companies, but they are obliged to offer job security to their employees, according to the Flexicurity Act of January 1999. When a temporary agency worker has been employed for 18 months with one user company, or 36 months for several user companies, he or she receives a permanent contract with the agency. Workers with fewer than 18 (or 36) months also receive job protection; during the first 26 weeks of a temporary contract (phase 1), there is no special regulation, but in the following six months (phase 2), the temporary agency worker begins accumulating pension benefits and receives career advice. After 26 weeks, the temporary agency worker receives a renewable three-month contract until the 18 months or 36 months condition is fulfilled (Van den Toren, Evers, and Commissaris 2002). There is a special union for temporary agency workers as well. Thus, temporary agency workers in the Netherlands often have regular contracts, which differs from the situation in Britain (Fagan and Ward in this volume). Also on-call workers are cov-

ered by the Flexicurity Act. However, if the firm has collective labor agreements of its own, the on-call worker is covered by that agreement, which might differ from the Flexicurity Act (Van den Toren, Evers, and Commissaris 2002).

Hartog (1998) cites a study that shows that, in the early 1990s, about 25 percent of temporary agency workers preferred temporary work because they were students working during holidays, and another 25 percent preferred such work because it gave them, for example, the opportunity to work in new environments. The other 50 percent of temporary agency workers were looking for a permanent job. Firms hired temporary workers for specific fixed-term tasks (44 percent), as substitutes for personnel on leave (31 percent), and as a way to screen workers (16 percent).

By the mid 1990s, the Netherlands was a booming economy with stable employment growth, while Sweden and Germany were in deep depressions, with substantial employment losses in Sweden and practically no job growth in Germany. Foreign observers traveled to the Netherlands to admire the Dutch Miracle (Visser and Hemerijck 1997). This Dutch Miracle had occurred with the introduction of substantial flexibility into the labor force. The volume of full-time regular jobs in 1996 was the same as in 1970—about 3.7 million people—and the steady job growth in the early 1990s consisted entirely of part-time jobs, which amounted to 1.8 million in 1996, and flexible jobs amounted to 0.7 million in 1996 (Hartog 1998).

If the Netherlands can be characterized as a “happy deregulator” in the 1990s, Sweden can be characterized as a reluctant deregulator. Private job mediation firms were allowed in Sweden and in Germany in 1993, which was only two years after the state monopoly in job mediation was officially lifted in the Netherlands. However, in Sweden in the 1990s, demands by firms for more flexibility came during an economic depression with employment losses. It was not until 1998–1999 that Sweden experienced an economic boom, with renewed employment growth. The 1974 Employment Protection Act in effect prohibited hiring on a fixed-term basis. Because fixed-term employment contracts had already existed for seasonal jobs and jobs to complete a certain task, it became immediately necessary to make exceptions to the rule. Employers are allowed to employ workers on a fixed-term basis for certain reasons, including 1) seasonal work, 2) work to perform one

well-defined task, 3) to substitute for someone who is on leave, 4) to augment the workforce if there are temporary increases in the workload, or 5) to employ students during summer breaks (SOU 1999).

Beginning in 1997, a new form of temporary employment was introduced, called Temporary Employment for an Agreed Period. Under this agreement, restrictions on reasons for the temporary employment were relaxed. A person could only be hired for a fixed-term contract for a maximum of 12 months over three years. Otherwise, the contract became a regular one. Also, employers could place new employees under a probation period of six months.

The discussions of changes in the 1974 Employment Protection Act have aroused strong political opposition. Flexibility was introduced in January 1994 by the Carl Bildt coalition government (1991–1994). In 1994, the social democratic Göran Persson government came into power and “restored” the rules of probation and “temporary employment.” The extension to 12 months by the Bildt government was thus cut back again to six months by the Persson government.

In Germany, an employment contract is meant to be of indefinite length. However, since 1985, the Employment Promotion Act viewed the fixed-term contract as an instrument to reduce unemployment, and was meant to temporarily relax the demands on firms to specifically justify the use of fixed-term contracts. This act has been extended twice and is valid until the end of 2000. As of 1996, employment lasting fewer than 24 months need not to be justified explicitly (Hoffman and Walwei, in this volume). Further, for people over age 60, there is no time limit on the length of fixed-term contracts.

In Britain, firms have no incentive to offer fixed-term contracts of durations less than one year because employment benefits only apply to workers who have been employed for 12 months at a firm (Fagan and Ward in this volume). British legislation does not view the arrangement as an employment contract; rather, the role of the agency is more that of a labor market mediator. Therefore, British employment data may include those who work for durations less than a year but do not classify their contract as a fixed-term contract. Fagan and Ward observe that Britain remains a neoliberal welfare state and does not guarantee pay for temporary agency workers. The agency is not responsible for how its client, the “user firm,” treats the worker.

THE CHANGING STATUS OF PART-TIME WORK

The Netherlands has been called “the first part-time economy in the world” (Visser 1999). With 39 percent of its workforce in part-time jobs, the Netherlands ranks first among the EU-15 before Britain, Sweden, and Denmark, with 22 to 25 percent of their workforces in part-time work. Visser (1999) also asked, Does it work? His answer: yes. Not only is the Netherlands a happy deregulator, but also a happy part-time economy. The 1997 European Union Directive on Part-Time Work states: “Member states and social partners should identify and review obstacles which may limit the opportunities for part-time work” (EU 1998, p. 14). Furthermore, “employers should give consideration to requests by workers to transfer from full-time to part-time work and the reverse when such work becomes available” (p. 14).

The Netherlands has gone much farther than demanding that employers should “give consideration” to employees who wish to transfer between full-time and part-time work. The Act on Adjustment of Working Hours (*Wet Aanpassing Arbeidsduur*), which went into effect July 1, 2000, gives those employed by firms with more than 10 employees the right to shorten or increase work hours on request if they have been employed for at least one year and have not asked for a change in working hours within the past two years. Within four months prior to changing work hours, the employee should indicate the date that the new working hours take effect, the number of working hours, and the preferred distribution of working hours during the week. The employer should, in principle, agree to the request and is obliged to indicate any reason for disagreement. The hourly wage remains the same. Because this applies only to workers employed for at least one year, this right excludes temporary workers with a contract of less than one year.

What was the reason that the right to shorten or lengthen work hours was accepted first in the Netherlands? Usually, in the Netherlands when a law is accepted, it codifies already existing practice, which is included in most collective labor agreements at the time the act passes. This has meant that many feminist demands have been late to materialize in the Netherlands (Gustafsson 1994). In the Swedish social democratic tradition of “social engineering,” in contrast, legisla-

tive changes are meant to change behavior. However, as of 1993, the advisory council on Dutch Labor Market Issues had proposed that collective bargaining agreements give “social partners”—representatives of employers and employees—the right to arrange part-time work. Between 1990 and 1996, the percentage of firms covered by a collective bargaining agreement with the right to demand part-time work increased from 23 percent to 70 percent (DeVries and van Hoorn 1997). Most requests were granted between January and June 1996. By 2000, two-thirds of employed women worked part-time and one-fifth of employed men worked part-time. There is also a high structural demand for part-time workers in the Netherlands.

In the Dutch “consensus” economy, if two university departments, for example, are competing to install a chair, they may each be given half of a professor’s chair. Therefore, it is not uncommon in the academic world for a person to combine two part-time jobs. Another example is that rather than the local community government starting and running an activity such as child care, as it would do in Sweden, the Dutch economy relies on private initiatives, and the government subsidizes a portion of those activities, allowing entrepreneurs to compete with other entrepreneurs in the field. Often there are funds to employ someone part-time rather than full-time. Therefore, there is a demand for part-time workers in the public or nonprofit sectors.

In the private sector, using part-time employees can increase flexibility; the firm can often adjust hours to meet business demands. Also, two part-time workers who share a job can substitute for each other in case of sickness and vacation by occasionally working full-time. Further, employers consider part-time workers to be as committed as full-time workers (Tijdens 1998). Also, Kalleberg and Reynolds (in this volume) find that Dutch part-time workers are as committed as full-time workers.

This shift to part-time work in the Netherlands would not have occurred had it not been for the large supply of workers who prefer a part-time job. Since the mid-1980s, unions in the Netherlands have been raising demands for doing all work on a part-time basis and for equalizing the employment conditions between full-time workers and part-time workers. Earlier, the women’s movement had demanded shorter work days, but realizing that travel time would not be reduced, interest in part-time work has grown. Women wanted to stay in the

labor market after marriage or after giving birth to children. Skilled women increasingly wanted to combine part-time work with family responsibilities. Women's increasing skills made the costs of replacing these employees higher. Also, with unemployment high, women's incomes were needed in the family. Toward the end of the 1980s, 40 to 45 percent of potential female reentrants were looking for a job. By the early 1990s, there were 100,000 female reentrants per year (OSA 1995). Many of these women preferred to work part-time. Employers began to recognize the benefits of part-time work in optimizing personnel strategies, for example, in the banking sector (Tijdens 1997). In the tight labor market of the 1990s, fear of labor shortages encouraged employers who otherwise were reluctant to accept part-time workers (Tijdens 1998).

The situation in Sweden in the late 1990s was opposite that in the Netherlands. In Sweden, women's demand for part-time jobs was declining from a peak in the 1970s. Swedish legislation views full-time, regular contracts as the norm for both men and women, and special leaves are allowed to make it possible to combine a regular full-time job with family responsibilities. Since 1974, parental leave covers both fathers and mothers, and they can choose to split the 12 months of leave, with benefits of 75 to 90 percent of previous earnings. A couple can choose between a mother staying home full-time, father full-time at home, both part-time at home, or any combination. They can also change the mix as many times as they wish, with advance employer notice. When the child is 18 months old, the job protection period expires, but the mother or the father has the right to shorten work hours in her or his regular job to 30 hours a week until the youngest child is eight years old (Gustafsson 1994). Mostly it is the mother who makes use of this right.

Sweden adopted a variant of the EU 1997 part-time directive in 1997, which allows a part-time employee to request full-time work, and the employer must give priority to the part-time worker should a full-time job become available. This obligation, however, is only valid if 1) the part-time employee has given notice, 2) the part-time employee is qualified for the job, and 3) the employer's work needs will be satisfied by this transfer (SOU 1999).

In Sweden in 1997, the proportion unemployed among part-time female workers was 30 percent, and 25 percent among part-time work-

ing men (SOU 1999, p. 153). This was up from 12 percent of part-time working women in 1990 and 10 percent of part-time working men. The economic recession deepened during this timespan, with unemployment peaking in 1997. The Swedish unemployment benefits are available to part-time workers for a maximum of 300 days.

The typical part-time unemployed individual is a married or cohabiting woman with a short (two-year) secondary education (i.e., completed school by age 18), who works in health care or the retail trade. Many of these women have children and do not wish to work evenings and nights, where the demand for extra workers is greater (SOU 1999).

The large proportion who wish to work full-time among Swedish part-time workers scores with the findings of Kalleberg and Reynolds (in this volume) that Swedish part-time workers are significantly less happy than full-time employees; this differs from other countries in the Kalleberg and Reynolds study. Swedish part-time workers have less job satisfaction, less organizational commitment, more absenteeism, and are less willing to spend extra effort if it is temporarily needed by the employer.

Germany has adopted a version of the EU part-time directive that is similar to Sweden's. If an individual employee wishes to switch from full-time to part-time work, the employer must inform the worker of any part-time vacancies (see Schömann and Schömann in this volume). However, there is no guarantee of the transfer. Part-time jobs are usually not available in high-skilled professions, and therefore, a general right to shorten work hours in any job is far from being realized in Germany. Furthermore, the introduction of part-time work is subject to co-determination by the works councils (see Schömann and Schömann), which may consist solely of men, who are eager to protect their full-time jobs. However, new German legislation is under way that will mirror that in the Netherlands, with an almost full right of the employed to work the desired number of hours in any job (Evans, Lipoldt, and Marianna 2001).

The Netherlands, Sweden, and Germany have legislated that part-time workers be treated the same as full-time workers in hourly wages and in work-related benefits (proportional to hours worked). Such legislation has, until recently, been absent in Britain. British part-time workers, who are mainly women, can appeal to the Labor Courts under sex and race discrimination legislation (see Schömann and Schömann

in this volume), a situation similar to that in the United States (see Houseman and Osawa in this volume). A government proposal for the "Prevention of Less Favorable Treatment" was introduced in 2000. The proposal, however, does not cover temporary agency workers (see Schömann and Schömann).

SELF-EMPLOYMENT: ENTREPRENEURIAL INVENTIVENESS OR HIDDEN DEPENDENT EMPLOYMENT?

The German legislature has expressed concern that certain self-employment is a hidden form of dependent employment. In January 1999, the "Correction Law of Social Provision" was introduced to prevent individuals from being relabeled as self-employed by their employer, and thus losing all rights under their employment contract. If a worker meets two of four of the following criteria, employment is deemed dependent and he or she is given a labor contract. The criteria are: 1) the self-employed has no employees except family, 2) the business serves only one customer, 3) the business operates under no special qualifications or tasks, and 4) there is no professional contact with clients (see Schömann and Schömann, in this volume). To our knowledge, no similar legislation exists in Sweden, the Netherlands, or Britain.

In Sweden, activities previously performed by employed individuals are now performed by self-employed contractors. A forestry company, for example, that once had people on its payroll to collect and deliver wood now would hire an independent contractor who owns a tree cutting and processing machine (*skogsmaskin*). In construction, home repair, and restoration independent contractors are now more common, a development facilitated by the mobile telephone, which makes the self-employed available for potential customers while working. Such independent contractors also often work together in networks, which allows them by cooperation to take on bigger tasks. There is probably also a gendered distribution over industries and occupations. Carré (in this volume) notes that, in the United States, independent contractors among men are executives, professionals, and

salespersons whereas female independent contractors often offer domestic help, child care, real estate services, and sales.

In Sweden, entrepreneurship has been seen as a way to lower unemployment. Individuals can receive start-up grants that cover living costs for six months. The size of the benefit equals the unemployment benefit. Schömann and Schömann (in this volume) report that 78 percent of persons receiving the start-up grant were employed after four years.

In Sweden, the industry principle in labor market relations also applies to workers in nonstandard work arrangements. Both self-employed and temporary workers are welcome in the respective industry labor unions. Some unions in the Netherlands also welcome self-employed. Sometimes there is little difference between a network of self-employed and a temporary work agency catering to a specific industry. An example is a company called *Industrikompetens* (SOU 1999).

Industrikompetens operates like a temporary help agency in that workers perform in different companies according to the workload. However, *Industrikompetens* is owned by 20 firms in the Swedish region of Östergötland that deliver to the car and truck manufacturer SAAB. Before forming *Industrikompetens*, the different companies had periods when they could not take orders because they lacked qualified personnel and periods when they had to pay employees for whom there was no work. The 20 competitors now own *Industrikompetens*, and its personnel are trained and accustomed to the work in a number of the owner firms so that extra work needs can be performed.

Similar to Swedish policies, Dutch policies also aim to stimulate entrepreneurship. In 1996, the number of entrepreneurs as a percentage of the Dutch workforce was the same as in 1972, and was low compared with the mean in the European Union and the United States (Ministry of Economic Affairs 2001). The growth within these new businesses is also less than in other countries. Deregulation and lowering administrative costs to start and develop firms are important policy objectives. For example, because the industry is overregulated, the initial administrative costs for a firm installing electrotechnical equipment requires an investment of fl 6.000 and two months' work. The administrative costs incurred in hiring an employee are estimated to be

fl 3,300, with at least 17 hours needed to deal with the administrative tasks (Ministry of Economic Affairs 2001).

The Dutch Ministry of Economic Affairs aims in addition to increase “intrapreneurship,” that is, small businesses within big firms, to compete in highly specialized markets. Individuals starting their own business in the Netherlands receive a tax deduction in the first year if the number of business hours exceed 1,225. This means that starting a firm on a part-time basis is not stimulated by this regulation (Gustafsson, Wetzels, and Tijdens 2000). Despite this, the percentage of women among all persons starting a business has increased to 31 percent in 1999 (Ministry of Economic Affairs 2001). By contrast, starting a business on a part-time basis while keeping a part-time job is widespread in Sweden, as will be evident from our data analysis below.

DESCRIPTIVE STATISTICS ON NONSTANDARD WORK USING MICRODATA SETS

The previous sections have identified characteristics in institutions and policies in the four countries that may explain differences between the countries in their approaches to nonstandard work. In the following section, we turn to microdata analysis using the 1998 wave of the household panel data BHPS for Britain, GSOEP for Germany, OSA for the Netherlands, and HUS for Sweden. We use the German data for western and eastern Germany separately as they are made available rather than aggregating the data. One important reason for not aggregating the data is that, in many respects, the eastern half of Germany is different from the western half.

We restrict the analysis to employed persons for three reasons. First, all other chapters of this book refer to nonstandard work among employed people. Second, including those who have chosen to remain out of the labor force and those who are unemployed would require a lengthy review of policies and institutions among the countries to explain the differences in nonemployment. This would complicate the story and add several pages of policy analysis. Third, we have more information about employed persons than nonemployed persons. Occupation and industry are available for all employed persons

whether they are employed full-time regular, part-time regular, fixed-term, or self-employed. This makes it possible to compare choices by otherwise similar people.

In Table 7.1, we present information (including the rate of nonemployed persons) aged 16–64, by gender (in the remainder of the chapter, we disregard the nonemployed). In the Swedish data, the age range is 18–64. In the Dutch data, full-time students are not interviewed, which increases the employment rate among young people given that only employed individuals aged 16–19 are included. This differs from the British and German data, where secondary school students are interviewed.

Table 7.1 Employment Status by Sex, 1998 (%)

	Not employed	Dependent employed	Self- employed and others	No. of observations
Britain				
Men	19.7	68.2	12.1	3,725
Women	32.0	63.4	4.6	4,420
Western Germany				
Men	25.0	65.9	9.1	1,802
Women	50.4	45.6	4.0	2,014
Eastern Germany				
Men	30.6	63.2	6.3	1,178
Women	45.3	50.9	3.8	1,257
The Netherlands				
Men	18.0	73.6	8.4	1,543
Women	47.0	48.1	4.9	1,856
Sweden				
Men	19.3	65.2	15.5	1,519
Women	25.6	69.3	5.1	1,506

SOURCE: Authors' computations based on BHPS 1998 for Britain; Sample A (German residents in former West Germany) of GSOEP 1998 for western Germany; Sample C (German residents in former East Germany) of GSOEP 1998 for eastern Germany; OSA 1998 for the Netherlands; and HUS 1998 for Sweden. See Appendix A for a detailed definition of variables.

The rate of nonemployed men in western Germany is surprisingly high, even considering the fact that the inclusion of secondary school students increases the rate (OECD 1998). The labor force participation rate for men in western Germany should be similar to that in Sweden, which it is not, and the labor force participation rate of women in western Germany should be similar to that of women in the Netherlands, which it is. Whereas 25 percent of men in western Germany are not employed, in Sweden, Britain, and the Netherlands, the corresponding rates are between 18.0 and 19.7 percent.

A noted difference in our data is the greater proportion of Swedish self-employed men compared with German men. In western Germany, 9.1 percent of men are self-employed compared with 15.5 percent of Swedish men. The gap in the rate of nonemployed between women in the Netherlands and Germany is narrowed if women who are on leave are counted as employed in Germany. However, we cannot include those on leave in the German data because there is no information on type of contract, industry, and occupation. In the Swedish data, those who are on leave fewer than two months are counted as employed, whereas in the Dutch data, there is no information on leave status. Dutch full-time maternity leave is only 16 weeks; therefore, not as many Dutch women would be on leave compared with German women, who receive maternity leave for up to three years. A detailed description of definition of variables is presented in Appendix A.

Table 7.2 presents tabulations of all information available in our data sets on dependent employed, self-employed, or a combination according to type of contract and whether full-time or part-time. The dividing line between full-time and part-time is 35 hours of work per week. British and Swedish men are much more often self-employed than the women in their countries. For the other countries, the difference between male and female self-employment is less distinct. The Netherlands clearly has the highest percentage of women in regular part-time jobs (58.5 percent), the second highest percentage of women in part-time fixed term (5.1 percent), and the highest percentage of self-employed women working part-time. The Netherlands also has the highest percentage of men in part-time regular jobs (9 percent); the percentage in the other countries does not exceed 3.8 percent. The proportion of self-employed among Dutch men is lower than among men in the other countries, except for eastern Germany.

Table 7.2 Employment by Type of Contract and Whether Full-Time or Part-Time in 1998 (% of those who are gainfully employed)

	Britain		Western Germany		Eastern Germany		Netherlands		Sweden	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Dependent employed	84.9	93.3	87.9	91.9	90.9	93.0	89.7	90.8	80.8	93.1
Of which:										
Regular, FT	74.8	48.7	75.9	42.5	76.5	60.8	77.1	25.6	72.4	55.5
Regular, PT	3.5	35.2	3.6	39.9	2.2	15.7	9.0	58.5	3.8	30.1
Fixed-term, FT	4.3	2.8	7.3	6.8	11.4	13.2	2.6	1.5	3.4	3.8
Fixed-term, PT	2.3	6.5	1.0	2.7	0.9	3.3	1.0	5.1	1.2	3.8
Of which:										
Irregular contract							6.7	8.6		
Agency fixed-term (temp-help agency)							1.3	3.5		
Apprentice							1.8	1.2		
On-call							0.1	1.5		
Special programs							1.0	0.8		
Contract company							2.5	1.6		
Self-employed	15.1	6.8	12.1	8.1	9.1	7.0	10.3	7.1	11.4	4.5
Full-time	13.0	3.4	10.7	4.9	8.4	5.8	8.9	3.0	10.4	3.6
Part-time	2.1	3.4	1.5	3.2	0.6	1.2	1.3	4.2	1.0	0.9
Of which:										
Self-employed farmer			1.3	0.5	0.4	0.2				
Professional worker			2.2	1.5	1.5	1.7				

Other self-employed										
Without employees			3.0	3.9	3.3	2.8				
With 1–9 employees			5.0	1.6	3.3	1.9				
With 10 or more employees			0.5	0.1	0.6	0.2				
Family member helping out			0.2	0.5	0.0	0.3				
Own business ^a	2.9	1.4								
Partner in business ^b	2.5	1.4								
Working for self ^c	6.1	3.0								
Subcontractor	2.2	0.3								
Freelance	1.1	0.6								
Others	0.2	0.1								
Family workers ^d							0.0	2.1		
Self-employed and dependent employed									7.8	2.4
All	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
								983	1,226	1,120

^a Running a business or a professional practice.

^b Partner in a business or a professional practice.

^c Working for myself.

^d In Dutch “*meewerkende echtgenote*” (wife helping out in business of her husband).

SOURCE: Computations based on BHPS, GSOEP, OSA, and HUS (see note 1). For definition of variables, see Appendix A.

The Dutch data show more details on irregular contracts (Table 7.2). Dutch women are in irregular contracts more often than men. This is especially true for work in temporary help agencies. Dutch men with irregular contracts are concentrated in contract company work.

The German data offer more detailed information on the self-employed than other countries. The self-employed are categorized as either farmers, professionals, “other” self-employed in various-sized firms, or employed by family members. Approximately one-fifth of the self-employed women in both western and eastern Germany are professional workers. Another one-fifth are “other” self-employed and work in firms of fewer than ten employees, and about half work in firms with no other employees. The numbers in family operations are quite low (0.5 percent among western German women) and also low compared with the Netherlands (2.1 percent). In Britain, most of the self-employed work for themselves and, to a lesser extent, operate a business or a professional practice with or without partners. British men, but few women, tend to be subcontractors.

RESULTS OF MULTINOMIAL LOGITS AND WAGE REGRESSIONS

In the following, we analyze four different employment choices: full-time with a regular contract (“full-time”); part-time with a regular contract (“part-time”); fixed-term contract, full-time or part-time (“fixed-term”); and self-employed (“self-employed”). We proceed to merge the data from the four countries into one data set with the purpose of interpreting country dummies in light of policy differences discussed above. We summarize the results of three multinomial logit models on country-pooled data in Tables 7.3, 7.4, and 7.5, and country-specific wage regressions using national currency in Tables 7.6, 7.7, and 7.8.

We analyze how otherwise similar people end up in different work arrangements and the wage differences using three separate models. The first model includes both men and women and includes a dummy variable for women. The second model includes only men, and the third model includes only women. The joint model allows us to analyze

Table 7.3 Multinomial Logit Analysis: Relative Probability of Employment State for Both Sexes (Reference state is full-time work)

	Part-time		Fixed-term		Self-employed	
	RRR	Z-value	RRR	Z-value	RRR	Z-value
Women	12.420	35.26	2.007	9.05	1.196	2.59
Britain	0.434	-11.18	1.101	0.80	1.251	2.41
Western Germany	0.503	-7.73	1.738	4.15	1.262	2.14
Eastern Germany	0.152	-15.67	2.159	5.69	0.656	-3.25
Sweden	0.307	-12.97	1.299	1.85	1.250	2.15
Netherlands = base						
Educational groups						
Low	1.117	1.62	1.064	0.70	0.727	-3.99
Medium = base						
High	0.647	-5.49	0.982	-0.18	0.789	-2.74
Age groups						
16-24	0.855	-1.45	5.842	15.56	0.209	-8.41
25-34	0.605	-6.77	1.314	2.66	0.620	-5.54
35-44 = base						
45-54	1.414	4.53	0.787	-1.90	1.553	5.40
55-64	2.579	9.76	0.988	-0.08	2.223	8.01
Married or cohabiting	1.181	2.39	0.552	-7.28	0.911	-1.13
Single = base						
No. of children (≤ 11 years) in the household						
No children = base						
1 child	2.262	9.54	1.121	0.84	1.241	2.12
2 or more children	3.208	11.61	1.610	3.02	1.763	4.89
Age of youngest child in the household						
0-2	1.307	2.35	0.834	-0.97	0.972	-0.21
3-5	1.269	2.10	1.007	0.04	0.986	-0.10
N	14,451					
Log likelihood	6675.2					
Pseudo R^2	0.219					

NOTE: RRR is the relative risk ratio for a one-unit change in the corresponding variable, and risk is measured as the risk of the category relative to the base category. Industry (8 categories) and occupational (7 categories) dummy variables are included but not reported. The full version of estimation results is presented in Gustafsson, Kenjoh, and Wetzels (2001c). See Table 7.1 for the source, Appendix A for a detailed description of variables, and Appendix B, Tables 7.B1 and 7.B2 for descriptive statistics.

Table 7.4 Multinomial Logit Analysis: Relative Probability of Employment State for Men (Reference state is full-time work)

	Part-time		Fixed-term		Self-employed	
	RRR	Z-value	RRR	Z-value	RRR	Z-value
Britain	0.378	-6.27	1.311	1.47	2.085	6.26
Western Germany	0.439	-4.48	2.644	4.95	1.727	4.03
Eastern Germany	0.273	-4.88	3.398	5.98	0.949	-0.31
Sweden	0.468	-4.06	1.988	3.14	2.401	6.79
Netherlands = base						
Educational groups						
Low	0.889	-0.77	0.879	-0.96	0.877	-1.30
Medium = base						
High	0.854	-0.92	0.934	-0.44	0.764	-2.44
Age groups						
16-24	3.185	5.07	8.564	12.10	0.251	-5.99
25-34	1.044	0.23	1.574	2.74	0.673	-3.64
35-44 = base						
45-54	1.294	1.32	0.915	-0.46	1.719	5.37
55-64	3.497	6.17	0.880	-0.51	2.355	7.07
Married or cohabiting	0.676	-2.45	0.511	-5.13	0.733	-2.92
Single = base						
No. of children (≤ 11 years) in the household						
No children = base						
1 child	0.633	-1.68	0.670	-1.55	1.044	0.32
2 or more children	0.775	-0.83	0.545	-1.86	1.465	2.62
Age of youngest child in the household						
0-2	1.988	2.18	1.157	0.45	0.985	-0.09
3-5	1.801	1.75	0.922	-0.21	0.967	-0.19
<i>N</i>	7,653					
Log likelihood	-5205.6					
Pseudo R^2	0.155					

NOTE: RRR is the relative risk ratio for a one-unit change in the corresponding variable, and risk is measured as the risk of the category relative to the base category. Industry (8 categories) and occupational (7 categories) dummy variables are included but not reported. The full version of estimation results is presented in Gustafsson, Kenjoh, and Wetzels (2001c). See Table 7.1 for the source, Appendix A for a detailed description of variables, and Appendix B, Tables 7.B1 and 7.B2 for descriptive statistics.

Table 7.5 Multinomial Logit Analysis: Relative Probability of Employment State for Women (Reference state is full-time work)

	Part-time		Fixed-term		Self-employed	
	RRR	Z-value	RRR	Z-value	RRR	Z-value
Britain	0.317	-11.63	0.723	-1.98	0.405	-5.72
Western Germany	0.422	-7.38	1.041	0.21	0.663	-2.18
Eastern Germany	0.100	-15.88	1.210	1.02	0.302	-5.60
Sweden	0.187	-14.45	0.620	-2.47	0.300	-6.42
Netherlands = base						
Educational groups						
Low	1.113	1.28	1.179	1.37	0.557	-4.18
Medium = base						
High	0.591	-5.52	0.995	-0.04	0.836	-1.24
Age groups						
16-24	0.543	-4.81	3.951	9.14	0.150	-5.86
25-34	0.436	-9.21	0.934	-0.51	0.440	-5.61
35-44 = base						
45-54	1.463	4.18	0.705	-2.06	1.439	2.54
55-64	2.371	7.31	1.043	0.19	2.295	4.52
Married or cohabiting	1.548	5.50	0.698	-3.42	1.417	2.55
Single = base						
No. of children (≤ 11 years)						
in the household						
No children = base						
1 child	3.303	11.45	1.588	2.73	1.952	3.94
2 or more children	6.480	14.30	3.841	6.84	3.942	6.80
Age of youngest child in						
the household						
0-2	1.508	2.72	0.942	-0.24	1.178	0.65
3-5	1.461	2.53	1.286	1.11	1.207	0.78
<i>N</i>	6,798					
Log likelihood	-6377.8					
Pseudo R^2	0.175					

NOTE: RRR is the relative risk ratio for a one-unit change in the corresponding variable, and risk is measured as the risk of the category relative to the base category. Industry (8 categories) and occupational (7 categories) dummy variables are included but not reported. The full version of estimation results is presented in Gustafsson, Kenjoh, and Wetzels (2001c). See Table 7.1 for the source, Appendix A for a detailed description of variables, and Appendix B, Tables 7.B1 and 7.B2 for descriptive statistics.

Table 7.6 OLS Regressions on the Logarithm of Hourly Wage in National Currency for Both Sexes

	Britain		Western Germany		Eastern Germany		Netherlands		Sweden	
	Coef.	T-value	Coef.	T-value	Coef.	T-value	Coef.	T-value	Coef.	T-value
Women	-0.156	-12.17	-0.141	-7.79	-0.126	-5.03	-0.181	-9.94	-0.168	-14.82
Part-time	-0.131	-8.44	-0.203	-9.53	-0.036	-0.94	-0.005	-0.26	0.020	1.46
Fixed-term	-0.117	-5.78	-0.466	-16.22	-0.420	-13.21	-0.177	-5.48	-0.083	-4.06
Educational groups										
Low	-0.091	-5.77	-0.068	-3.46	-0.098	-3.78	-0.105	-6.38	-0.081	-6.46
Medium = base										
High	0.050	3.09	0.163	6.38	0.117	3.50	0.126	6.54	0.126	9.01
Age groups										
16-24	-0.313	-16.51	-0.522	-14.96	-0.430	-10.84	-0.402	-13.65	-0.190	-6.78
25-34	-0.082	-5.59	-0.108	-5.71	0.015	0.53	-0.147	-7.67	-0.085	-5.82
35-44 = base										
45-54	-0.028	-1.68	0.072	3.36	0.008	0.29	0.071	3.60	0.047	3.48
55-64	-0.071	-3.03	0.058	2.23	-0.015	-0.41	0.143	4.82	0.073	4.68
Married or cohabiting	0.045	3.37	0.017	0.93	0.083	2.90	0.075	3.92	0.010	0.73
Single = base										
No. of children (≤ 11 years) in the household										
No children = base										
1 child	0.017	0.86	0.002	0.09	-0.016	-0.54	0.006	0.25	0.037	2.24
2 or more children	0.024	1.06	0.093	3.03	-0.049	-1.06	0.039	1.50	0.036	1.81

Age of youngest child
in the household

0–2	0.042	1.75	0.017	0.48	0.039	0.65	0.025	0.89	0.008	0.30
3–5	0.019	0.75	0.022	0.65	–0.044	–0.82	–0.017	–0.56	0.030	1.28
Constant	1.934	81.78	3.266	106.9	2.84	65.16	3.229	105.1	4.659	219.6
<i>N</i>	4,787		1,927		1,274		1,624		1,927	
Adj. <i>R</i> ²	0.451		0.568		0.510		0.539		0.351	

NOTE: Industry (8 categories) and occupational (7 categories) dummy variables are included but not reported. The full version of estimation results is presented in Gustafsson, Kenjoh, and Wetzels (2001c). See Table 7.1 for the source, Appendix A for a detailed description of variables, and Appendix B, Tables 7.B1 and 7.B2 for descriptive statistics.

Table 7.7 OLS Regressions on the Logarithm of Hourly Wage in National Currency for Men

	Britain		Western Germany		Eastern Germany		Netherlands		Sweden	
	Coef.	T-value	Coef.	T-value	Coef.	T-value	Coef.	T-value	Coef.	T-value
Part-time	-0.094	-2.32	-0.223	-4.61	-0.062	-0.55	0.053	1.77	0.071	2.00
Fixed-term	-0.178	-5.68	-0.466	-12.34	-0.455	-9.28	-0.200	-4.07	-0.106	-3.11
Full-time = base										
Educational groups										
Low	-0.096	-4.20	-0.063	-2.48	-0.131	-3.46	-0.106	-4.87	-0.085	-4.62
Medium = base										
High	0.036	1.59	0.194	6.08	0.027	0.54	0.150	5.92	0.126	5.77
Age groups										
16-24	-0.370	-13.18	-0.637	-13.03	-0.396	-6.38	-0.473	-10.82	-0.183	-4.38
25-34	-0.096	-4.60	-0.122	-5.18	0.038	1.02	-0.192	-7.60	-0.105	-4.68
35-44 = base										
45-54	-0.009	-0.35	0.090	3.33	0.031	0.79	0.102	4.09	0.061	3.02
55-64	-0.093	-2.77	0.059	1.82	-0.075	-1.52	0.175	4.80	0.066	2.81
Married or cohabiting	0.080	3.82	0.056	2.25	0.075	1.72	0.110	4.05	0.034	1.61
Single = base										
No. of children (≤ 11 years) in the household										
No children = base										
1 child	0.062	2.02	-0.012	-0.39	-0.012	-0.30	0.006	0.19	0.066	2.41
2 or more children	0.092	2.75	0.079	2.09	-0.078	-1.26	0.040	1.20	0.059	1.75

Age of youngest child in
the household

0–2	–0.065	–1.86	0.048	1.22	0.036	0.51	0.003	0.08	–0.053	–1.14
3–5	–0.047	–1.22	0.008	0.21	0.005	0.07	–0.042	–1.10	0.026	0.64
Constant	1.962	61.20	3.267	89.20	2.880	48.30	3.230	84.95	4.636	150.30
<i>N</i>	2,264		1,106		682		916		944	
Adj. <i>R</i> ²	0.444		0.601		0.491		0.562		0.284	

NOTE: Industry (8 categories) and occupational (7 categories) dummy variables are included but not reported. The full version of estimation results is presented in Gustafsson, Kenjoh, and Wetzels (2001c). See Table 7.1 for the source, Appendix A for a detailed description of variables, and Appendix B, Table 7.B1 for the descriptive statistics.

Table 7.8 OLS Regressions on the Logarithm of Hourly Wage in National Currency for Women

	Britain		Western Germany		Eastern Germany		Netherlands		Sweden	
	Coef.	T-value	Coef.	T-value	Coef.	T-value	Coef.	T-value	Coef.	T-value
Part-time	-0.099	-5.56	-0.139	-4.87	-0.024	-0.57	-0.001	-0.02	0.017	1.22
Fixed-term	-0.064	-2.41	-0.417	-9.44	-0.394	-9.39	-0.132	-2.94	-0.073	-2.98
Full-time = base										
Educational groups										
Low	-0.067	-3.09	-0.077	-2.51	-0.060	-1.66	-0.092	-3.76	-0.069	-4.02
Medium = base										
High	0.067	3.01	0.153	3.63	0.210	4.65	0.092	3.21	0.136	7.31
Age groups										
16-24	-0.263	-10.24	-0.428	-8.49	-0.429	-8.16	-0.382	-9.50	-0.198	-5.26
25-34	-0.057	-2.83	-0.072	-2.28	-0.013	-0.32	-0.109	-3.71	-0.060	-3.16
35-44 = base										
45-54	-0.046	-1.98	0.040	1.17	-0.007	-0.16	-0.003	-0.11	0.026	1.42
55-64	-0.065	-2.03	0.047	1.10	0.069	1.25	0.044	0.90	0.065	3.10
Married or cohabiting	0.007	0.42	-0.044	-1.63	0.081	2.14	0.011	0.40	-0.007	-0.40
Single = base										
No. of children (≤ 11 years) in the household										
No children = base										
1 child	-0.020	-0.79	-0.013	-0.32	-0.012	-0.29	-0.029	-0.75	0.010	0.50
2 or more children	-0.041	-1.37	0.038	0.72	-0.022	-0.30	0.022	0.53	0.012	0.48

Age of youngest child in the household										
0–2	0.118	3.63	−0.166	−1.95	0.063	0.40	0.068	1.54	0.044	1.30
3–5	0.049	1.44	0.060	1.03	−0.103	−1.16	0.006	0.12	0.020	0.74
Constant	1.665	42.06	3.088	52.42	2.669	37.36	3.033	45.43	4.516	134.57
<i>N</i>	2523		821		592		708		983	
Adj. R^2	0.409		0.469		0.548		0.449		0.297	

NOTE: Industry (8 categories) and occupational (7 categories) dummy variables are included but not reported. The full version of estimation results is presented in Gustafsson, Kenjoh, and Wetzels (2001c). See Table 7.1 for the source, Appendix A for a detailed description of variables, and Appendix B, Table 7.B2 for the descriptive statistics.

how otherwise similar men and women compare in work outcomes. Estimating separate models for men and women allows us to analyze, for example, whether male part-time work differs between the countries studies. Houseman (1999) notes that an individual in the United States who works in a nonstandard work arrangement is likely to be female, young, low paid, and desiring a standard work arrangement. We find (Table 7.3) that, all else equal, women in the four European countries we study are 12 times as likely as men to work part-time, are twice as likely to have a fixed-term contract, and they are also 20 percent more likely than otherwise similar men to be self-employed. The first part of Houseman's observation for the United States, therefore, also applies to the four countries we study. The second observation of Houseman, that nonstandard workers earn less than standard workers, is not generally true in the four European countries we study. All else equal, women earn 12 to 18 percent less than men (Table 7.6). Working part-time or with a fixed-term contract carries a negative wage effect, except for part-time work in eastern Germany, the Netherlands, and Sweden (Table 7.6). However, separating by gender (Tables 7.7 and 7.8) modifies the picture.

Swedish men working part-time earn more per hour than full-time workers (Table 7.7), a result that badly scores with the fact that so many part-time workers in Sweden are part-time unemployed. However, even if 25 percent of part-time working men are part-time unemployed (see "The Changing Status of Part-Time Work," above), 75 percent may, to a large extent, be part-time retirees with a relatively high hourly wage. Part-time work among men is most common in the oldest age group, aged 55–64, and the youngest age group, aged 16–24 (Table 7.3).

Part-Time Work

The country dummy variables of the multinomial logits are of special interest in light of policy and institutional differences between countries. The Netherlands is confirmed as the largest part-time economy in the world. All else equal, there are many more part-time working men and women in the Netherlands than in the other countries (Tables 7.3, 7.4, and 7.5). As noted, we treat the eastern part of Germany (the former DDR) and the western part of Germany (the former

FRG) as two different countries. The data justify such a treatment because eastern and western Germany often reveal sharper distinctions than one would expect from one country affected by a given set of institutions. For example, there is very little part-time work in eastern Germany but considerable part-time work in western Germany, placing western Germany second in ranking after the Netherlands for men and women combined and for women only (Tables 7.3 and 7.5). Germany is ranked as such even though the probability of working part-time is only 40 percent to 50 percent as large in western Germany as in the Netherlands. Among eastern German women, however, the likelihood of working part-time is only one-tenth that in the Netherlands.

All else equal, the probability of a Swedish woman working part-time is only one-fifth that of a similar Dutch woman (Table 7.5). This is a sharp drop compared with the aggregate figure of 23 percent part-time workers among employed Swedes and 39 percent among employed Dutch in 1999 (Fagan and Ward, Table 3.1, in this volume) and also compared with the results in Table 7.2. Our raw data in Table 7.2 show that the proportion part-time among Dutch employed women is 58.5 percent, and the corresponding figure for Swedish women is 30.1 percent.

This difference is likely explained by the fact that Swedish part-time working women are much more concentrated in a certain category that we control for in our multinomial logit analysis, whereas in the Netherlands, part-time work is more evenly spread among all types of women. Nearly all Swedish mothers make use of the right to work 30 hours per week in their regular full-time work until the youngest child is eight years old. Because we control for whether there is a child younger than age 12 in the household, this variable catches the Swedish mothers making use of this family policy. Again, this result may modify the large amount of part-time unemployed among Swedish women, 30 percent, who would be spread over all kinds of women. However, the other 70 percent may be concentrated among women with young children. This control variable is also highly significant (Table 7.5); women with one young child are three times more likely to work part-time, and those with two or more young children are six times more likely to work part-time. Perhaps the effect of young children would have been even larger in a separate model for Swedish

women than it is in Table 7.5, where women from all four countries are included.

Part-time workers in western Germany earn at least 20 percent less per hour than otherwise similar full-time workers (Table 7.6). This is hardly the equal treatment of part-time work and full-time workers demanded by the EU 1997 directive and by German legislation. However, this is in line with the remark by Schömann and Schömann (in this volume) that part-time work is not available in skilled occupations, which differs from the Netherlands, where there is a general right to shorten or lengthen work hours in any job. In Britain, where no such legislation exists, the pay disadvantage for part-time workers is smaller both for men and women than it is in western Germany.

An explanation for the phenomenon that western German part-time workers earn substantially less than full-time workers, despite equal pay laws, is that for these laws to be effective, part-time and full-time workers must hold comparable jobs within firms. If all positions in a particular occupation within a firm are part-time, then a firm can legally pay these part-time workers low wages. Part-time workers are probably concentrated in low-skill occupations in Germany and in Britain, which has no equal-pay legislation for part-time workers, whereas in Sweden and the Netherlands, part-time workers hold a broad spectrum of occupations, including high-skill occupations.

Fixed-Term Work

In both eastern and western Germany, the probability of working under a fixed-term contract is much higher than in the other countries. For men, it is 2.6 to 3.4 times more common in Germany than in the Netherlands, and for women, the probability is almost equal to that in the Netherlands. Above it was shown that a fixed-term contract in Germany is seen as an alternative to unemployment (see “Flexibility of the Labor Market and Protection of Workers” above). One can therefore assume that German workers who have fixed-term contracts may not be the most competitive workers. There is also the largest negative wage effect in Germany (-0.42 to -0.46) compared with full-time work, which translates to a wage ratio of only 63 percent to 66 percent of regular worker hourly wages, all else equal (Table 7.6). This negative wage effect is similar for men and women (Tables 7.7 and 7.8).

In Britain, there are relatively few fixed-term contracts. As explained by Fagan and Ward (in this volume), there is no reason for a British firm to offer a fixed-term contract for a period shorter than one year because all workers' rights in Britain apply only after the worker has been employed for at least one year. The Netherlands has many fixed-term contracts for women but few for men, all else equal (Tables 7.4 and 7.5). There are, for example, twice as many Swedish as Dutch men on fixed-term contracts, but only 62 percent as many Swedish as Dutch women on fixed-term contracts, all else equal (Tables 7.4 and 7.5). There are more restrictions on the use of fixed-term contracts in Sweden than in the Netherlands, given that a Swedish firm must specify the reason why a fixed-term contract is offered rather than a regular contract. In Sweden, the typical fixed-term contract worker is a female substituting for someone on leave in the public health care sector. This scores with the fixed-term worker of Table 7.3. The probability of being a fixed-term worker doubles (2.0 in Table 7.3) if one is female, almost doubles if employed in the public and nonprofit sector (1.9), and is almost six times larger (5.8) if aged 16–24. In addition, a woman who has two or more children is almost four times as likely to have a fixed-term contract as women without children (Table 7.5). For men and women combined, Sweden has more workers with fixed-term contracts than all other countries except eastern Germany (Table 7.3), although the right to offer fixed-term contracts is quite regulated (see “Flexibility of the Labor Market and Protection of Workers,” above). The largest proportion of fixed-term workers, twice as many as in the Netherlands, is found in eastern Germany (Table 7.3).

Self-Employed

The German legislature has concerns that self-employment may be hidden dependent employment (see “Self-Employment: Entrepreneurial Inventiveness or Hidden Dependent Employment?” above). Self-employment is about equally prevalent in Britain, western Germany, and Sweden, and less common in the Netherlands and eastern Germany. We were unable to analyze wage differentials between self-employed and employed workers because of vague reporting of earnings and hours worked by the self-employed. If there were self-

employment among “weaker” workers, one would have seen a negative wage effect.

The Swedish legislature has viewed self-employment as an alternative to unemployment, which may also coincide with lower earnings. There is substantially more self-employment among men (Table 7.4) in Sweden, Britain, and western Germany than in the Netherlands, and substantially less self-employment among women than in the Netherlands (Table 7.5). The results score with the observation for the United States by Carré (in this volume) that independent contractors among men are executives, professionals, and salespersons, whereas female independent contractors offer domestic help, child care, real estate, services, and sales. A self-employed woman offering child care would be classified as public or nonprofit sector and a service worker.

CONCLUSION

The analysis in this chapter provides a partial answer to a number of questions. For example, why are there so many part-time workers, both men and women, in the Netherlands? Sweden saw an increase in part-time work among women in the 1970s, when combining work and motherhood became common. A combination lifestyle has only become acceptable and supported by public policies since the 1990s in the Netherlands and that may be an important reason why part-time work increased so much.

A second reason for the large proportion of part-time work in the Netherlands can be found in the way funds are raised, for example, in the care sector. It is customary for a private entrepreneur to compete for public funds with other entrepreneurs and also raise funds by private donations and user fees. It is rather likely that such a financing system may create part-time jobs supplemented by voluntary work. A third reason, from the demand side, is that the Dutch consensus society may result in two part-time jobs rather than one full-time job in the public sector (e.g., in academics). The Netherlands is also the one country that has legislated the right for the worker to demand increases or decreases of work hours in any job.

Another question that arises from the analysis is, Why are there so many self-employed Swedish men? The Swedish legislature views self-employment as an alternative to unemployment, granting entrepreneurs who would otherwise be unemployed the right to receive a subsidy equal to the unemployment benefit for half a year. Many Swedish self-employed workers have one-person firms, and their situation is not very different from dependently employed workers. The mobile telephone has also allowed people who work in the construction and home repair sector to be available to potential customers while at work. People in forestry own their own machinery and are independent entrepreneurs, and a hairdresser may be an independent entrepreneur renting a chair at some firm rather than being a dependent worker of the firm. In contrast, the German legislature has sought to decrease such practices, claiming that it is simply masked dependent employment that should be turned into a regular work contract in order to supply the worker with job protection and social security benefits. This can explain a smaller proportion of self-employed in Germany than in Sweden, which is consistent with our findings.

Why are there so many fixed-term workers in Germany and why are they so poorly paid? Although there are negative effects on wages per hour of having a fixed-term contract in all the countries we study, in both eastern and western Germany, the hourly wage of fixed-term workers is only about 63 percent to 67 percent that of regular workers, for both men and women. In the other countries, the fixed-term contract workers have an hourly wage of 84 percent to 93 percent that of regular workers (Tables 7.6, 7.7, and 7.8).

In Germany, fixed-term contracts have been seen as an alternative to unemployment and there are no limits on the number of months a person can work under a fixed-term contract if he or she is older than 60. This explains the large number of people who are employed on fixed-term contracts in both western and eastern Germany (Tables 7.3, 7.4, and 7.5). For younger people, a fixed-term contract turns into a regular contract after 24 months. It may be that there are exceptionally many older people in Germany on fixed-term contracts with low pay and they are then compared with other older employees who have better wages because of accumulated human capital and seniority.

Finally, the analysis raises the question of why part-time workers are relatively better paid in Sweden and the Netherlands than in Britain

and Germany. In Sweden, part-time work is seen as a temporary solution, and one of the parents of young children has a legal right to shorten work hours to 30 hours a week until the youngest child is eight years old. Part-time workers in Sweden in 1998 averaged 23.1 hours per week compared with Britain at 17.1 hours, the Netherlands at 18.1, and Germany at 18.3 for both men and women. Swedish mothers regularly make use of 12 to 18 months of parental leave during the child's first one and one-half years of life. By the time the child is age five, 90 percent of mothers work at least 25 hours per week, in contrast to the other three countries. In the Netherlands, Britain, and Germany, only about 50 percent of mothers of five-year-olds are employed, and fewer than 10 percent are employed full-time (Gustafsson, Kenjoh, and Wetzels 2001b).

Further, part-time work in Sweden and the Netherlands occurs in all types of occupations and in all educational groups, whereas in Britain, part-time work is very often temporary and limited to low-skilled jobs. Part-time work is not available in higher-level jobs in Germany, where works councils have a veto if a firm wants to install part-time jobs.

Note

1. Another comparison across the European Union States offered by Fagan and Ward (in this volume) is the average number of hours per week worked by a part-time working woman. Sweden and France are the only two countries that have averages of 23 hours per week, whereas part-time working women in most EU countries average less than 20 hours per week. This is also the case for the Netherlands, Britain, and Germany.

Appendix A

Definition of Variables

Table 7A.1 Current Labor Force Status

	Not employed	Dependent employed	Self-employed
Britain (BHPS)	<ul style="list-style-type: none"> • Respondent did not do any paid work last week; [and] • respondent does not have a job or is waiting for job. 	<ul style="list-style-type: none"> • Respondent did paid work last week; or respondent did no paid work, but he/she has a job and is on leave; [and] • Employed. 	<ul style="list-style-type: none"> • Respondent did paid work last week; or respondent did no paid work, but he/she has a job and is on leave; [and] • Self-employed
Germany (GSOEP)	<ul style="list-style-type: none"> • Not gainfully employed; or on temporary work leave. <p>Note: Those who were on leave are included in “not employed” because they did not report the information on their job characteristics (type of contract, industry, occupation, etc.).</p>	<ul style="list-style-type: none"> • Employed full-time; or employed part-time; or in occupational training, apprenticeship; or marginally or sporadically employed [and] • Not self-employed 	<ul style="list-style-type: none"> • Self-employed, including family members helping out.
Netherlands (OSA)	<ul style="list-style-type: none"> • Unemployed, nonparticipant, full-time student. 	<ul style="list-style-type: none"> • Gainfully employed 	<ul style="list-style-type: none"> • Self-employed, family worker.
Sweden (HUS)	<ul style="list-style-type: none"> • Respondent is in the labor force but on leave from work, more than two months; or respondent is looking for work; or respondent is not in the labor force. 	<ul style="list-style-type: none"> • Respondent is employed: 1) performed paid work during the last week, 2) had time off, was ill, or was on leave for less than 2 months, or 3) was laid off but expected to return to work within one week; [and] • Salaried employee. 	<ul style="list-style-type: none"> • Respondent is employed: 1) performed paid work during the last week, 2) had time off, was ill, or was on leave for less than 2 months, or 3) was laid off but expected to return to work within one week; [and] • Salaried employee;[and] • Self-employed/professional or both salaried employee and self-employed

Contract

	Regular contract	Fixed-term contract
Britain (BHPS)	Permanent job	Seasonal/temporary job contract/fixed time
Germany (GSOEP)	Unlimited contract	Limited contract
Netherlands (OSA)	Permanent employment; Temporary contract with a view of permanent employment	Temporary contract
Sweden (HUS)	Year-round job	Temporary job; Seasonal work

Full-Time Work

Full-time work with a regular contract (35 hours and more worked per week, including overtime hours).

Part-Time Work

Part-time work with a regular contract (fewer than 35 hours worked per week, including overtime).

Fixed-Term Work

Fixed-term work is full-time or part-time work with a fixed-term contract.

Hourly Wage

Hourly wage includes gross earnings per week/(normal working hours per week incl. paid and unpaid overtime).

Because we do not have direct information on hourly wages, we calculate hourly wage from gross earnings per week divided by normal working hours per week, including paid and unpaid overtime. For gross earnings, we use gross monthly earnings in BHPS, GSOEP, OSA, and the majority of employees in HUS. To obtain gross earnings per week, monthly earnings are divided by 4.3. In addition, for HUS, respondents report their earnings based on how to be paid. Annual earnings are divided by 46, and biweekly earnings are divided by 2. When case hourly earnings are reported, this is regarded as the hourly wage. However, after doing this procedure, we have a few very “strange” cases; that is, wages considerably below the minimum wages or very high wages. To ensure wage estimations are not affected by these cases, which occurred because of missed reporting, and other extreme cases, we exclude the observations with

1 percent of the lowest and 1 percent of the highest wage distribution from our wage estimations. The original descriptions of *gross earnings* and *hourly wages* in each data set are as follows:

Gross Earnings

Britain (BHPS)

The last time you were paid, what was your gross pay—that is, including any overtime, bonuses, commission, tips or tax refund, but before any deductions for tax, national insurance or pension contributions, union dues, and so on?

Germany (GSOEP)

How high were your earnings last month? If you received any additional payments last month, e.g., holiday money or back-pay please do not include these. Also do not include child benefits even if received from employer. However, do include money earned for overtime. If possible please enter for both: Gross earnings, in other words earnings before deductions for tax and social security; net earnings, in other words the amount after deductions for tax and social security.

Netherlands (OSA)

Gross income per month, current situation.

Sweden (HUS)

What are your regular weekly (biweekly, monthly, annual, or hourly) earnings, before taxes and other deductions?

Working Hours per Week (including paid and unpaid overtime work)

Britain (BHPS) 1 + 2

1) Thinking about your (main) job, how many hours, excluding overtime and meal breaks, are you expected to work in a normal week?

2) And how many hours overtime do you usually work in a normal week (including unpaid overtime)?

Germany (GSOEP)

How many hours (per week) do you actually work, on average, including overtime?

Netherlands (OSA) 1 + 2 + 3

1) Contracted working hours

- 2) Unpaid overtime per week
- 3) Paid overtime per week

Sweden (HUS)

On average, how many hours per week are you currently working at your main job, including both paid and unpaid overtime?

Education

Education high: Obtained highest qualification, requires 15 years or more of schooling.

Education medium: Obtained highest qualification, requires between 12 and 14 years of schooling.

Education low: Obtained highest qualification, requires fewer than 12 years of schooling. See Gustafsson, Kenjoh, and Wetzels (2001c) for detailed description.

Marital Status

	Married or cohabiting	Single
Britain (BHPS)	Married; living as couple	Widowed; divorced; separated; never married
Germany (GSOEP)	Married, living together with spouse; or Married, living permanently separated from my spouse, single, divorced or widowed; and living with partner in same household	Married, living permanently separated from my spouse; single; divorced; or widowed and not living with partner in same household
Netherlands (OSA)	Married; living with partner	Divorced (not living with partner); widowed (not living with partner); single/never married
Sweden (HUS)	Married; cohabiting	Single

Occupational Classification

We use the 1 digit ISCO-68 Occupational Classification for our four-country comparison of occupations. The reason we follow ISCO-68 instead of ISCO-88, which is the latest international standard classification of occupations, is that the occupational classification in HUS does not distinguish between skilled work and elementary occupation. Because this distinction is essential in making data correspond to the 1 digit ISCO-88, we can only create a variable that corresponds to 1 digit ISCO-68 for HUS. GSOEP includes a

variable of ISCO-68 directly. BHPS and OSA give the classification based on ISCO-88 and we convert ISCO-88, using “Index of occupational titles according to ISCO-88 numerical order” in ILO (1990, pp. 273–334).

Industrial Classification

Industrial classifications are as follows: agriculture (agriculture, forestry, and fishing), manufacturing and mining, energy (energy and water supply), construction, shops, restaurants, etc. (wholesale and retail trade/hotels and restaurants), transportation (transportation and communications), finance (finance, insurance, and real estate), and public nonprofit (nonprofit business: industrial classification in HUS, except we combine manufacturing and mining industry, and the British Standard Industrial Classification 1980 [SIC] in BHPS 1998 does not provide an independent category for mining). We do not adopt NACE-European Community Classification of Economic Activities as our industrial classification because it is impossible to make the corresponding classification using HUS, which has the roughest industrial classification among our four data sets.

Note

1. Another comparison across the EU states offered by Fagan and Ward (in this volume) is the average number of hours per week worked by a part-time working woman. Sweden and France are the only two countries that have averages of 23 hours per week, whereas part-time women in most EU countries average fewer than 20 hours per week. This is also the case for the Netherlands, Britain, and Germany.

Appendix B

Table 7B.1 Descriptive Statistics (the means of explanatory variables): Men Who Are Gainfully Employed

	Britain	Western Germany	Eastern Germany	Netherlands	Sweden
Educational groups					
Low	0.394	0.632	0.637	0.463	0.490
Medium = base					
High	0.450	0.189	0.166	0.240	0.226
Age groups					
16–24	0.162	0.064	0.115	0.080	0.036
25–34	0.278	0.313	0.236	0.235	0.179
35–44 = base					
45–54	0.196	0.209	0.214	0.278	0.325
55–64	0.093	0.121	0.116	0.100	0.202
Married or cohabiting	0.715	0.751	0.785	0.808	0.858
No children = base					
1 child	0.131	0.164	0.186	0.146	0.091
2 or more children	0.138	0.140	0.079	0.201	0.106
Age of youngest child in the household					
0–2	0.110	0.095	0.049	0.112	0.038
3–5	0.069	0.085	0.054	0.087	0.054
Industry					
Agriculture	0.026	0.027	0.044	0.039	0.024
Energy	0.016	0.022	0.023	0.010	0.026

Construction	0.090	0.108	0.227	0.101	0.084
Shops, restaurants, etc.	0.176	0.089	0.100	0.151	0.090
Transportation	0.095	0.087	0.098	0.081	0.091
Finance	0.139	0.056	0.026	0.145	0.104
Public, nonprofit	0.188	0.278	0.222	0.287	0.259
Manufacturing = base					
Occupation (ISCO-68)					
0/1: Professional	0.190	0.228	0.127	0.300	0.245
2: Administrative	0.140	0.075	0.066	0.107	0.099
3: Clerical	0.103	0.135	0.076	0.107	0.122
4: Sales workers	0.091	0.061	0.067	0.077	0.095
5: Service workers	0.100	0.078	0.075	0.051	0.075
6: Agricultural workers	0.030	0.024	0.040	0.044	0.023
7/8/9: Production workers = base					
<i>N</i>	2,992	1,351	818	1,266	1,266

See Table 7.1 for the source and Appendix A for a detailed description of variables.

Table 7B.2 Descriptive Statistics (the means of explanatory variables): Women Who Are Gainfully Employed

	Britain	Western Germany	Eastern Germany	Netherlands	Sweden
Educational groups					
Low	0.466	0.653	0.541	0.391	0.483
High	0.366	0.138	0.156	0.219	0.322
Age groups					
16–24	0.181	0.087	0.137	0.121	0.044
25–34	0.271	0.310	0.233	0.275	0.184
45–54	0.215	0.198	0.215	0.240	0.329
55–64	0.076	0.106	0.089	0.060	0.186
Married or cohabiting	0.690	0.723	0.769	0.784	0.846
No. of children in the household					
1 child	0.152	0.143	0.170	0.153	0.148
2 or more children	0.130	0.091	0.048	0.182	0.158
Age of youngest child in the household					
0–2	0.087	0.023	0.009	0.121	0.044
3–5	0.066	0.067	0.036	0.081	0.090
Industry					
Agriculture	0.008	0.015	0.025	0.018	0.009
Energy	0.008	0.002	0.006	0.003	0.009

Construction	0.008	0.006	0.015	0.012	0.006
Shops, restaurants, etc.	0.257	0.201	0.161	0.197	0.091
Transportation	0.036	0.079	0.084	0.043	0.037
Finance	0.134	0.082	0.060	0.114	0.065
Public, nonprofit	0.437	0.485	0.542	0.558	0.667
Occupation (ISCO-68)					
0/1: Professional	0.196	0.260	0.305	0.325	0.513
2: Administrative	0.073	0.014	0.025	0.034	0.046
3: Clerical	0.284	0.293	0.286	0.242	0.180
4: Sales workers	0.123	0.166	0.164	0.118	0.077
5: Service workers	0.250	0.169	0.108	0.225	0.093
6: Agricultural workers	0.007	0.018	0.025	0.019	0.006
<i>N</i>	3,007	1,000	688	983	1,120

See Table 7.1 for the source and Appendix A for a detailed description of variables.

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